



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 6/20/2003

GAIN Report Number: E23117

European Union

Trade Policy Monitoring

EU restricts cumulation rules for rice and sugar imports from LDCs

2003

Approved by:

Christine Strossman
U.S.Mission to the EU, Brussels

Prepared by:

Peter Talks

Report Highlights:

Under the Everything But Arms package liberalizing almost all imports from the 48 least developed countries, a product which is transformed or processed in the LDC can become eligible for duty free export to the EU if the original product came from a country with which the LDC shares a regional trading agreement. New EU legislation restricts these 'cumulation' rights for, amongst others, rice and sugar.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E2]

Under the Everything But Arms package, the EU has offered duty free access to EU markets for all products originating in the 48 Least Developed Countries (LDCs), though with rice and sugar imports not fully liberalized until 2009. In addition, products imported from neighboring countries with which the LDC shares a regional trading agreement, and which undergo further processing or transformation in the LDC are then considered as originating in the LDC and thus eligible for zero duty access to the EU. This is known as cumulation. An example of a regional trading agreement is ASEAN countries (South East Asian countries).

However, under new EU legislation, the cumulation rules for rice and sugar have been adopted to make them more restrictive preventing the milling of rice or sugar in an LDC imported from a non-LDC neighbor.

[Commission Regulation \(EC\) No 881/2003 of 21 May 2003 amending Regulation \(EEC\) No 2454/93 laying down provisions for the implementation of Council Regulation \(EEC\) No 2913/92 establishing the Community Customs Code](#)

From the above Regulation

Point 2 of the Preamble (Page 1)

In order to ensure that such access benefits only the least developed countries and to avoid diversions of trade through certain of those countries in the framework of regional cumulation of origin, certain minimal, low value-added operations in the rice and sugar sectors that currently suffice to confer the status of originating product for the purposes of the scheme of generalised tariff preferences in accordance with Article 70 of Commission Regulation (EEC) No 2454/93 (6), as last amended by Regulation (EC) No 444/2002 (7), should no longer be considered as sufficient working or processing to confer the status of originating product.

Article 1(5)(f) Page 4.

The following operations shall be considered as insufficient working or processing to confer the status of originating products:

(f) husking, partial or total milling, polishing and glazing of cereals and rice;

(g) operations to colour sugar or form sugar lumps; partial or total milling of sugar;

Visit our website: our website www.useu.be/agri/usda.html provides a broad range of useful information on EU policy, import rules and food laws and allows easy access to USEU reports, trade information and other practical information.

E-mail: AgUSEUBrussels@fas.usda.gov

Related reports from USEU Brussels:

Report Number	Title	Date Released
E23030	Overview of the EU Rice Import Regime	3/05/03
E23056	EU Sugar Annual	4/10/03